

Section 9 Refund Returns and Direct Deposit of Refund

9.1 Refund Returns

When taxpayers are entitled to a refund, Authorized FTB e-file Providers should inform them that they have several options. Taxpayers can elect to have their refund:

- Applied to next year's estimated tax.
- Directly deposited into their financial institution(s) (DDR), with the option of splitting their refund made by DDR in up to two separate accounts.
- Issued to them in the form of a paper check.

Taxpayers may elect to apply part of their refund to next year's estimated tax and have the remainder refunded by DDR or paper check.

Note: Taxpayers may *not* elect to have part of their refund by DDR and part by paper check.

9.2 General Information

Taxpayers choose DDR because it is the fastest, most convenient way to receive a refund (individual e-filers usually receive their refund within 5 to 7 banking days). Refunds are directly deposited into the taxpayer's financial institution account. It reduces the risk of loss, and allows immediate use of the funds. The State Controller's Office (SCO) processes these transfers.

For purposes of DDR, a financial institution is any state or national bank, savings and loan association, mutual savings bank, or credit union. The term "state" includes all states of the United States and their political subdivisions, and the District of Columbia.

We do not guarantee a specific date of deposit of a refund into a taxpayer's financial institution account and will not issue written notices to taxpayers to confirm DDRs. You or your client can verify the status of their refund on our Website. Go to www.ftb.ca.gov and search for **refund status**.

If a taxpayer chooses to split their direct deposit (DDR) and requests an electronic funds withdrawal (EFW) for estimated tax payments on the same return, the EFW will take place from the first bank account listed.

If a direct deposit fails, we will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

Neither FTB nor SCO is responsible for the misapplication of a DDR caused by error, negligence, or malfeasance on the part of the taxpayer, ERO, financial institution, or any of their agents.

Taxpayers must submit a new DDR request each year. Election of DDR is voluntary and applies only to the current year. No prior approval from financial institutions is necessary. The taxpayer should, however, contact the institution to resolve uncertainties about its DDR capability or "payable through" status.

9.3 Eligibility Requirements

The account designated to receive the DDR must be in the taxpayer's name. The account must be a checking, share draft, savings, or other consumer asset account (e.g., an IRA or money market account) held by a financial institution within the United States and established primarily for personal, family, or household purposes. It may not be a credit card account. Designate only financial institutions as defined above to receive DDRs.

Some financial institutions may not accept "payable through" routing numbers for DDR. A check or share draft that is "payable through" another financial institution may cause problems because it shows the routing number of the "payable through" financial institution rather than that of the institution where the account is located.

Remind taxpayers to verify the routing number by contacting the financial institution responsible for their account. Some financial institutions use a different routing number for electronic transactions. Failure to verify the routing number may result in the refund being sent to the wrong financial institution. This will result in a returned DDR, which will delay the refund. We will reissue the refund as a paper check and mail it to the taxpayer's address as shown on the tax return.

Caution: Some financial institutions do not permit the deposit of a joint refund into an individual account. We are not responsible for a financial institution's refusal to accept a DDR for this reason. If necessary, verify the financial institution policy prior to filing.

9.4 Responsibilities

EROs must:

- Ensure that the taxpayer is aware of all general information regarding a DDR request.
 - Not charge a separate fee for DDR.
 - Accept any DDR requests to any eligible financial institution designated by the taxpayer.
 - Ensure that taxpayers electing DDR meet the eligibility requirements.
 - Verify that the DDR information on the return and the e-file Return Authorization forms (FTB 8453, FTB 8453-C) is correct and that the information is transmitted with the electronic portion of the return.
 - Tell the taxpayer that once FTB has accepted their electronic return for processing they cannot:
 - Rescind the DDR request.
- Exception:** Corporation DDR requests may be cancelled if the DDR has not been issued. To cancel a corporation DDR, call FTB at (916) 845-0353.
- Change the routing number of the financial institution.
 - Change the taxpayer's account number.
- Advise the taxpayer how to contact FTB about their DDR request. Individual taxpayers may:
 - Access our refund status page located on our Website at www.ftb.ca.gov and search for **Refund Status**.
 - Call our automated toll-free phone service at (800) 338-0505.

9.5 Verifying the Financial Institution Information

Be sure to verify the financial institution information on the return and on the e-file Return Authorization forms.

9.6 Processing

After we accept e-file returns and forward them to our processing systems, we may disallow the DDR request for individual e-filers for one of the following reasons:

- More than two DDR requests to the same bank account for the same tax year.
- The taxpayer or spouse has a refund offset.
- The refund amount(s) requested is different from the refund amount computed by FTB.

If we deny the DDR request, the taxpayer will receive a paper check for any refund due and a notice explaining why we denied the DDR request.

9.7 Refund Delays and Changes

We may delay or change a refund when the:

- Taxpayer owes back taxes.
- Taxpayer owes delinquent child support.
- Taxpayer has certain delinquent federal debts, such as student loans, etc.
- Estimated tax payments reported on the return do not match FTB's records. This may occur when a taxpayer and spouse made separate payments and filed a joint return or when the return was posted before the last estimate tax payment was credited to the taxpayer's account.
- Financial institution information on a DDR request is incorrect or the taxpayer's account is closed.